



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

Bulletin PC-46  
December 20, 2000

To: ALL COMPANIES LICENSED IN THE STATE OF CONNECTICUT TO  
WRITE PROPERTY AND CASUALTY INSURANCE

Subject: PERSONAL LINES UNDERWRITING GUIDELINES

Bulletin PC-46 updates filing requirements for personal lines underwriting guidelines. Bulletin PC-46 supersedes the following bulletins: RD-17, PC-13, NF-87, NF-106, and NF-123.

Connecticut General Statutes require insurance companies to file with the Insurance Commissioner the rules and regulations used in the determination of whether or not to underwrite insurance policies for:

- (a) Private Passenger Automobiles per Conn. Gen. Stat. §38a-349 and
- (b) Homeowners per Conn. Gen. Stat. §38a-689.

Guidelines should be clearly identifiable as applicable to new, renewal, or new and renewal business. If a company or group of companies utilize more than one program, guidelines must be distinct for each program and state what might cause an insured to be transferred between programs.

The guidelines must accurately reflect the basis on which underwriting decisions are made. It is unacceptable to state "refer to home office" without providing the criteria the home office uses to evaluate the risk. It is unacceptable to state the company has no written guidelines or that such decisions are left to the individual underwriters. If guidelines have been conveyed orally in the past, they must be stated in writing and filed with the department. Guidelines must be included for both new and renewal business.

Cancellations and nonrenewals, other than for nonpayment, must be based on the company's underwriting guidelines. The insured must be given specific reason(s) for the policy termination. General statements such as "underwriting reasons," "claims" or "increase in hazard" are not acceptable and do not comply with notice requirements. All known reasons should be stated with the notice. It is unacceptable for a company to try to defend a termination notice based on reasons not stated initially.

Any changes in such rules and regulations must be filed 30 days prior to becoming effective.

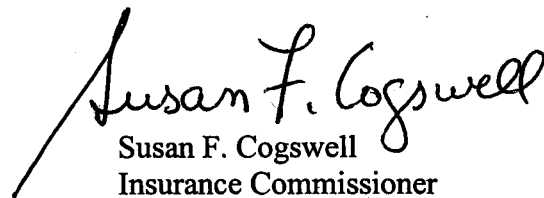
## **General Information**

1. Each revision to the guidelines must be in the form of a complete set of guidelines, with the statement that it supersedes the previously filed guides.
2. Each filing must clearly identify where the changes are being made and include a comparison of the new guidelines with the previous wording.
3. The guidelines must clearly identify what applies to new business and what applies to renewal business.
4. For Personal Automobile Insurance:
  - a. the guidelines must include a definition of "accident" as used for the purposes of underwriting. They must state whether or not comprehensive losses are considered as accidents.
  - b. For automobile, the guidelines should be reviewed for compliance with Conn. Gen. Stat. §38a-358. This statute prohibits the declination, cancellation or nonrenewal of a policy if based on the first or second accident within the current experience period in which the applicant or insured was not convicted of a moving traffic violation and was not at fault.
  - c. No increased charge, rate, premium, pricing adjustment or adverse underwriting decision may be made on an automobile policy due to a family member obtaining a learner's permit as authorized by Connecticut law.
5. For Homeowners Insurance:
  - a. Guidelines must comply with Bulletin PC-43 (Reissued, Formerly PC-24) regarding the availability of insurance in urban areas and coastline neighborhoods.
  - b. If the company uses percent deductibles for wind, hurricane or high windstorm,. Please refer to Bulletin PC-33. The Homeowners declarations page must show both the percent amount and associated dollar amount of the wind, hurricane, or high windstorm percent deductible.
  - c. Guidelines must reflect that three and four family owner-occupied homes are eligible for Homeowners policy coverage.
6. Handicapped and Developmentally Disabled Persons

A company must objectively review the insurability of handicapped applicants. It is the company's responsibility to justify a refusal or limitation of coverage. Conn. Gen. Stat. §38a-816(12) prohibits companies from:

"Refusing to insure, refusing to continue to insure or limiting the amount, extent or kind of coverage available to an individual or charging an individual a different rate for the same coverage because of blindness, physical disability or mental retardation, except where the refusal, limitation or rate differential is based on sound actuarial principles or is related to actual or reasonably anticipated experience."

Physical disability is defined in the statutes as "any chronic physical handicap, infirmity or impairment, whether congenital or resulting from bodily injury, organic processes or changes or from illness, including, but not limited to, epilepsy, deafness or hearing impairment or reliance on a wheel chair or other remedial appliance or device."



Susan F. Cogswell  
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Insurance Commissioner